

STATE OF NORTH CAROLINA
COUNTY OF WAKE

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
FILE NO. 09 CVS 023513

FILED

2012 MAY 19 A 10 25

STATE OF NORTH CAROLINA *ex rel.*)
ROY COOPER, Attorney General,)
WAKE COUNTY, C.R.S.)

Plaintiff,)

v.)

CONSENT JUDGMENT
AS TO IKE VINSON

PHOENIX HOUSING GROUP, INC., D/B/A)
HOMESAMERICA, GARY LEE GOOD, DENNIS)
PARRIS, ROGER DEAN BAILEY, JR., YO XEY)
HER A/K/A JOE HERR, DENNIS SETZER,)
W.R. STARKEY MORTGAGE, L.L.P.,)
MARINA MCCUEN, IKE VINSON, K AND B)
HOME BUILDERS, INC., GEORGE WILLIAM)
VARSAMIS, TRAVIS DWAYNE KANUPP,)
AND KATHY SMITH)

Defendants.)

This cause coming on to be heard and being heard before the undersigned Superior Court Judge in Wake County for entry of a Consent Judgment at the joint request of plaintiff State of North Carolina, by and through Attorney General Roy Cooper, and defendant Ike Vinson, the Court, with the consent of plaintiff and defendant Vinson, makes the following:

FINDINGS OF FACT

1. Plaintiff is the State of North Carolina acting through its Attorney General Roy Cooper pursuant to authority granted by Chapters 75 and 114 of the General Statutes. 2.
2. Defendant Vinson is a resident of South Carolina. Between January 2007 and September 2008, he was employed as a mortgage loan officer for defendant W.R. Starkey Mortgage, L.L.P. (Starkey) and managed its Myrtle Beach, South Carolina, office. Defendant

Vinson managed the activities of defendant Marina McCuen (McCuen) while she worked almost exclusively with defendant Roger Dean Bailey, Jr. (Bailey) in extending credit through Starkey for customers of defendant Phoenix Housing Group, Inc. (PHG), primarily at the sales location in Granite Falls, North Carolina. Defendant Vinson also worked with Fabian Sparrow, who managed the PHG office in Burlington, in extending credit through defendant Starkey for customers of defendant PHG.

3. The State alleges the following:

(a) Between January 2007 and September 2008, Starkey provided financing for consumers purchasing manufactured and modular homes from PHG and other manufactured housing dealers located in North Carolina. These loans were subsequently sold on the secondary market;

(b) When working as a manager for Starkey, defendant Vinson supervised McCuen who worked almost exclusively with Bailey, the manager of PHG's Granite Falls location. In order to obtain financing for consumers who would not otherwise qualify for a loan, Bailey submitted or assisted in submitting to McCuen and other Starkey employees, false financial information, including information on income, assets, and liabilities as well as letters of explanation, verifications of rent, verifications of employment, verifications of deposit, and budget letters;

(c) McCuen relied on the information Bailey and the other PHG employees had collected, and she and the Starkey employees she supervised failed to independently verify borrower information such as employment, income, bank deposits, source of down payment

funds, rental history, and/or sale or lease information if the borrower had a residence other than the residence to be secured by the loan;

(d) Defendant Vinson was aware of McCuen's activities in connection with the loans for consumers through defendant PHG's Granite Falls location. He was also aware that McCuen and others working with her cut off fax headers on the documents they received from PHG's Granite Falls office to disguise the fact that McCuen had not independently collected the financial information from the consumers. Defendant Vinson, McCuen and others referred to this as "short paper." In some instances, these same Starkey employees or agents recopied the "short paper" before placing it in the files so that it would be the same size as the other papers in the file or scanned it directly into Starkey's document system;

(e) To further assist consumers in qualifying for credit, Bailey or employees he supervised at PHG (i) paid local businesses to submit positive credit reports for consumers with whom they had no credit relationship; (ii) gave lenders, including Starkey, Bailey's own telephone number or that of one of his employees to be used for verification of rental history; and (iii) forged consumers' signatures on documents containing false information that were then submitted to lenders to secure financing for the consumers who were purchasing homes from PHG;

(f) McCuen knew that the verifications PHG forwarded were often false because (i) no bank statements supported the deposits; (ii) the borrower's employer might be listed as Bailey or a name associated with a PHG salesman; (iii) Bailey had paid landlords to sign false leases and rental histories; or (iv) Bailey immediately faxed them to her or her processor in response to

their requests without needing further time to collect the information. Defendant Vinson was also aware that some of the information PHG provided was false or fabricated;

(g) Defendant Vinson was aware that to expedite the loan process, Starkey entered into an agreement with PHG to pay all or part of the salary of a PHG employee in the Granite Falls location who provided improper loan processing services for Starkey. Other PHG employees also assisted in collecting financial information from consumers and sending that information to McCuen. McCuen herself or the Starkey employees she supervised should have been conducting these processing services and independently verifying the information PHG provided. Defendant Vinson was further aware that Starkey and PHG had a similar, but short-lived, arrangement for PHG's Burlington location;

(h) Defendant Vinson and McCuen used the false information received from the PHG locations in Granite Falls and Burlington to prepare a loan application for each consumer. Defendant Vinson and McCuen, or an assistant acting under their direction, signed the FHA Addendum to the loan application falsely certifying that they or a person acting on behalf of Starkey had communicated directly with the borrower by telephone;

(i) Defendant Vinson also deceived borrowers by charging bogus discount points without the corresponding reduction of the interest rate on the loan. Rather, these fees were, in effect, undisclosed loan origination fees that only added to Starkey's and defendant Vinson's bottom line profit; and

(j) As a loan officer, defendant Vinson was responsible for selecting an independent appraiser to establish the value of the property for Starkey, FHA, and investors who would later

purchase the loans she originated. Defendant Vinson deceptively allowed PHG to select certain appraisers whose appraisals consistently mirrored PHG's inflated prices.

4. Defendant Vinson neither admits nor denies plaintiff's allegations in Paragraph 3 and does not object to the entry of this Consent Judgment.

5. Defendant Vinson provided financial information to plaintiff in connection with the settlement of this proceeding. Defendant Vinson warrants that the financial information he provided is true and accurate and fully and fairly reflects his financial condition as of the date reflected on the financial information.

CONCLUSIONS OF LAW

1. The court has jurisdiction over the parties and the subject matter.
2. Entry of this Consent Judgment is just and proper.
3. The complaint states a cause of action, pursuant to N.C.G.S. § 75-1.1, against defendant Vinson concerning his actions while serving as supervisor of mortgage loan officers and as a mortgage loan officer in connection with the extension of credit to PHG customers who did not qualify for credit to purchase manufactured and modular homes in connection of parcels of real property, and the Court finds good and sufficient cause to adopt the agreement of the parties and these findings of fact and conclusions of law as its determination of their respective rights and obligations and for the entry of this Consent Judgment.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. Defendant Vinson is permanently enjoined from "engaging in the mortgage business" in North Carolina as that term is defined in N.C.G.S. § 53-244.030 (11), including but not limited to as a mortgage loan officer, loan processor, or underwriter.

2. Defendant Vinson shall pay the North Carolina Department of Justice \$100,000 in civil penalties. Payment of the civil penalty is suspended as long as defendant Vinson is in full compliance with the terms of this Consent Judgment. If at any time defendant Vinson violates the terms of this Consent Judgment, this penalty shall be immediately due to the State from defendant Vinson without further order of this Court.

3. This Consent Judgment shall not affect the rights of any private party to pursue any remedy or remedies allowed pursuant to the laws of the State of North Carolina.

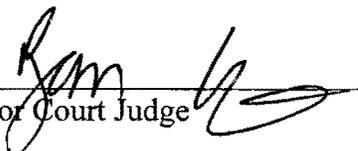
4. This Consent Judgment Agreement shall not bind any other offices, boards, commissions, or agencies of the State of North Carolina.

IT IS FURTHER ORDERED THAT:

5. If any part of the financial information defendant Vinson provided to plaintiff is false, unfair, deceptive, misleading, or inaccurate in any material respect, plaintiff, in its sole discretion, may:

- (a) move the Court to impose sanctions;
- (b) move the Court to rescind this Consent Judgment and proceed on its original complaint; and
- (c) seek any other remedy or relief afforded by law or equity.

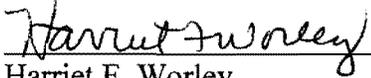
This the 19th day of May, 2014.



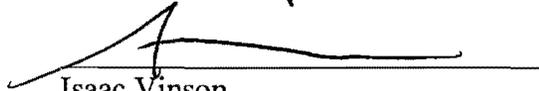
Superior Court Judge

WE CONSENT:

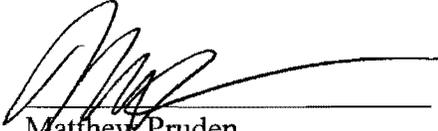
STATE OF NORTH CAROLINA
ex rel. ROY COOPER,
Attorney General



Harriet F. Worley
Special Deputy Attorney General



Isaac Vinson



Matthew Pruden
Counsel to Defendant Isaac Vinson